

Coronavirus Business Interruption Loan Scheme (CBILS)

An Opportunity for Lending Institutions to Partner
with the British Business Bank

Dated 7th January 2021

UPDATE: Following the Government's announcement on 17th December 2020 the Coronavirus Business Interruption Loan Scheme has been extended to 31st March 2021. References to the Scheme Period should be construed accordingly.

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1. Introduction

1.1 *The Coronavirus Business Interruption Loan Scheme*

The Coronavirus Business Interruption Loan Scheme (the “CBIL Scheme ” or “CBILS”) replaced the Enterprise Finance Guarantee Programme (“EFG”).

Announced by the Chancellor at Budget 2020, the CBIL Scheme opened on 23 March 2020. The aim of the CBIL Scheme is to support smaller businesses across the UK who are experiencing lost or deferred revenues, leading to disruptions to their cashflow.

The CBIL Scheme will run until 31st March 2021 (the “Scheme Period”). We may extend the Scheme Period at our discretion.

1.2 *The British Business Bank*

The British Business Bank (“BBB”) is an economic development bank which is 100% owned and funded by the UK Government. Established on 1 November 2014, the BBB’s overarching objective is to change the structure of the finance markets for smaller businesses in the UK, so that they work more effectively and more dynamically and can help smaller businesses achieve their potential.

The BBB has six key objectives:

- increase the supply of finance available to smaller businesses where markets don’t work well
- create a more diverse and vibrant finance market for smaller businesses, with a greater choice of options and providers
- reduce imbalances in access to finance for smaller businesses across the UK, including identifying gaps
- encourage and enable SMEs to seek the finance best suited to their needs
- to be a centre of expertise on smaller business finance for Government
- achieve this whilst managing taxpayer resources efficiently and within a robust risk management framework.

BBB works with more than 130 commercial partners who deliver services and products to smaller businesses with its support. This indirect operating model means BBB works with finance providers in the market rather than competing against them. BBB programmes cover equity and debt finance markets for smaller businesses and range from providing start-up capital, to growth capital to well-established firms in order to help fill finance gaps.

BBB manages the CBIL Scheme on behalf of the Secretary of State for the Department for Business Energy and Industrial Strategy (“BEIS”) through its subsidiary British Business Financial Services Ltd.

1.3 CBILS -Opportunity for New Lenders to Join as Accredited Lenders

The CBILS Lender accreditation process is open and UK incorporated and UK registered branches of overseas resident finance providers active in smaller business lending are invited to apply, as detailed further in Sections 3 and 4 below.

2. How can CBILS be used by Accredited Lenders?

CBILS is a risk-sharing partnership between Government, Lender and the SME borrower, to enable lending which would not otherwise be possible.

CBILS is versatile and can be used with four types of debt product - term loans, invoice finance facilities, asset finance facilities and overdrafts/revolving credit facilities (committed and uncommitted).

Viability of the SME borrower

CBILS can be used when the SME has a viable business proposition assessed according to a Lender's underwriting policies in place from time to time, without any regard to any concerns over its short-to-medium term business performance due to the uncertainty and impact of Coronavirus (COVID-19).

(The "**Borrower Viability Test**").

Secured and unsecured lending

CBILS may be used for both secured and unsecured lending. To be eligible, the SME must have been affected by the Coronavirus (COVID-19), have passed the Borrower Viability Test and satisfy the other scheme criteria. For facilities of £250,000 and under, the CBIL Scheme may be used for unsecured lending at the Lender's discretion. For facilities over £250,000, if a borrower has available security, then a Lender is expected to take security, however this does not impact the borrower's eligibility for the scheme. The assessment should be made according to the Lenders credit and security assessment policies.

However, personal guarantees cannot be taken by a Lender for CBIL Facilities of £250,000 or less. If a CBIL Facility of £250,000 or less benefits from an existing personal guarantee or at any time in the future benefits from any personal guarantee, then a Lender cannot make a demand or otherwise enforce such a guarantee for any amounts due under the CBIL Facility or apply any proceeds from such a guarantee to the CBIL Facility.

Personal guarantees may be used for CBIL Facilities of over £250,000, at a Lender's discretion. If a personal guarantee is used in relation to such a CBIL Facility, including where such a facility benefits from an existing or future personal guarantee, the following rules apply:

- (1) a Lender must only make a demand on such a personal guarantee once it has realised all other collateral that is available to support such CBIL Facility. This includes collateral that is available to both the CBIL Facility and to other facilities.
- (2) If a Lender makes a demand on or otherwise applies the proceeds of such a personal guarantee in connection with the CBIL Facility, it may only do so for a maximum amount equal to 20% of the

amount of such CBIL Facility that remains outstanding after the proceeds of all other available collateral have been applied.

In addition to the above, neither a borrower's nor a guarantor's principal private residence can be taken as security to support a personal guarantee or as security for a CBIL backed facility.

Business Interruption Payments

A borrower under the CBIL Scheme is entitled to a "**Business Interruption Payment**" or "**BIP**" up to a capped amount¹ to cover payments of the interest on (or interest equivalent for invoice finance and asset finance) and other Lender levied fees associated with the granting and maintenance of the facility for a period up to 12 months. Third party fees associated with a facility for which invoices are settled directly between customer and third-party provider (for example legal fees/valuation fees) will not be covered by the BIP unless the lender meets these charges directly and invoices them to the customer. A Lender administers this payment on behalf of the borrower and the Guarantor.

The interest rate at which the Lender is prepared to lend at, and any associated fees, should be based on a Lender's normal pricing framework. However a Lender's CBILS Facility pricing must take into account the existence of the CBILS guarantee and pass the full economic benefit of the existence of this guarantee to the borrower through lower pricing than it may otherwise have had without the benefit of the guarantee. Failure to do so would mean that the Lender would be receiving State Aid rather than the SME, which would contravene State Aid law. Should this happen, the Lender (or its funders/investors) would be liable to repay any State Aid it has received.

BBB aims to keep the operation of CBILS as straightforward as possible for participating Lenders. The credit decision-making rests with the Lender in exactly the same way as for any other commercial transaction, subject to having verified the transaction and borrower's eligibility for CBILS which includes using a bespoke web portal provided by BBB.

In keeping with that delegation of decision-making, no borrower has an automatic entitlement to receive a CBILS-backed facility or a BIP. Differences in lending appetite and market positioning between Lenders can justifiably mean that the same borrowing proposal may receive a different response from different accredited Lenders.

CBILS operates under Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak.

¹ Subject to a cap of EUR800,000 for undertakings in all sectors other than those in fishery and aquaculture sector where the limit is EUR120,000 per undertaking and in the primary production of agricultural products where the limit is EUR 100 000 per undertaking. These caps apply per borrower (or borrower group) and are the maximum benefit a borrower can receive across all of its CBIL Facilities. If a borrower receives any other direct grants, repayable advances, tax or payments advantages under the Temporary Framework, these also must be deducted from the total.

2.1 Key Terms

2.1.1 Business Eligibility

- SMEs carrying on business in the UK with turnover of up to £45 million (including those with more than 250 employees which are classified as “Large Enterprises”)
- Most industrial sectors are eligible²
- Must have passed the Borrower Viability Test
- Must not be a “business in difficulty”³.
- Must not have exhausted State aid limits.
- Must have been impacted by the Coronavirus (COVID-19).

2.1.2 Eligible Debt Instruments

- CBILS can be used to facilitate new lending and to a limited extent, to refinance existing debt (refinancing of existing debt with the same Lender is generally limited to a maximum 20% of a Lender’s annual portfolio of CBILS-supported lending).
- CBILS can be used to support term loans, overdrafts/revolving credit facilities and asset finance facilities and invoice finance facilities.
- CBILS-supported facilities can range between £50,001 and £5 million for term loans and overdrafts/revolving credit facilities, and between £1,000 and £5 million for asset finance and

² Some activities/sectors are excluded– these include the state funded education sector, entities providing insurance (other than insurance brokers), deposit taking banks and others and, for facilities under £30k export related activities, as set out in the legal agreement which the Lender will sign as part of the accreditation process.

³ Unless a business is less than three years, if a business has accumulated losses greater than half of its subscribed share capital as at the application date and as at 31 December 2019, it will not be eligible for CBILS. In practice this means that certain fast growth businesses may not be eligible for CBILS. The State aid framework CBILS operates under requires that a business is not an “undertaking in difficulty” to be eligible - see Article 2 (18) of the Commission Regulation (EU) No 651/2014 of 17 June 2014 for further information.

invoice finance facilities. The maximum amount of the Facility must be determined by the Lender to be either:

- Double the annual wage bill of the applicant for 2019 or if the applicant commenced trading after 1st January 2019, the estimated annual wage bill for the first 2 years of operation, or
 - 25% of total turnover of the applicant in 2019, or
 - The applicant’s liquidity needs for the next 18 months for SMEs and 12 months for large enterprises (this may be self-certified by the applicant).
- Facility terms can range between three months and six years, with a three year limit for overdrafts and invoice finance.
 - Terms and pricing are commercial matters for each Lender, subject to the requirement to pass on the economic benefit of the CBILS Guarantee and subject to a maximum annual all in cost of 14.99% including fees.
 - No guarantee fee is charged to the borrower.
 - The Lender is required to pay a Scheme Lender Fee to the Secretary of State for Business Energy and Industrial Strategy as a contribution towards the cost of providing the guarantee.

The amount of the Scheme Lender Fee for each facility under the CBIL Scheme is based on the balance⁴ of the facility multiplied by the applicable margin set out in the table below and a day count fraction. The margin applicable to the term of lending is set out below:

Type of recipient	CBIL Facilities with a maturity of 1 year or less	CBIL Facilities with a maturity of greater than 1 but less than or equal to 3 years	CBIL Facilities with a maturity of greater than 3 but less than or equal to 6 years
SMEs	25bps	50bps	100bps
Large Enterprises	50bps	100bps	200bps

The definition of SME under CBILS is based on turnover (up to £45m). Where an enterprise with a turnover below this threshold has in excess of 250 employees, they will be classed as a “Large Enterprise” for the purposes of determining the Scheme Lender Fee.

⁴ This is the principal amount outstanding for asset finance and terms loans, the facility limit for overdrafts and the facility limit for invoice finance facilities.

2.1.3 Terms between the Accredited CBILS Lender and BBB

The key terms and conditions relevant to Lenders encompass the following:

- The CBIL guarantee is to the Lender, not the Borrower. For asset finance, the CBIL guarantee can be applied to the whole of the proposed facility or only to part of it.
- BBB provides each Lender with a lending allocation which applies during the Scheme Period for CBILS transactions. Lenders cannot exceed this lending allocation without agreement in writing from BBB. Requests during the Scheme Period for an increased lending allocation will be subject to a further approval process using a risk and judgement-based approach taking into account, amongst other things, the Lenders projected deployment and operational capacity, CBILS track record and audit findings, the financial stability and sustainability of the Lender, availability of capital and value for money for Government.
- Decision-making on borrower eligibility is fully devolved to the Lender. When assessing the Borrower Viability Test – no greater or lesser rigour should be applied to an CBILS-supported transaction than for a normal commercial transaction.
- The Lender records all eligible transactions on the CBILS web portal. The CBILS web portal records details, the amount and terms of the lending, any extension of the terms of the lending, borrower default and claims against the guarantee of all CBILS-supported facilities. Lenders must use the web portal provided by BBB to enter and update CBILS facility details in a timely and accurate manner in accordance with the guidance issued. For Lenders who are anticipated to originate over c.500 CBILS-supported facilities per month, the BBB may grant a temporary waiver of the requirement to input certain information into the CBILS web portal for a limited period of time whilst an API is activated. While work is being done to activate the API, the Lender will need to provide on a daily basis: number of applications in progress, the number and value of applications approved, number and value of facilities offered, the number and value of drawdowns and on a weekly basis: the breakdown of the portfolio by two digit SIC code and region. This daily reporting must be in the form of the templates provided by the BBB.
- In the event of a borrower defaulting, the Lender may claim up to 80% of the outstanding principal (net of any recoveries) from the Guarantor while bearing the remaining 20% of the loss.
- Any recoveries made by the Lender after making a claim on the guarantee must be repaid on an 80%/20% basis (80% must be repaid to HMG).
- Lenders must ensure relevant customer-facing and back office staff in their organisation (e.g. Relationship Managers, Credit Sanctioners etc.) and any intermediaries engaged by the Lender (for example, brokers), are trained to appropriately apply and administer CBILS, and that they manage their internal communication so that all relevant staff receive and understand the information relevant to them.

- Lenders must work with BBB on joint promotions, accurately convey scheme terms and conditions on all marketing materials and assemble case studies for CBILS use, in order to market the CBILS programme appropriately.
- Lenders undergo periodic audits which include, inter alia, analysis of a sample of transactions to check that scheme eligibility rules and processes have been followed, including whether the economic benefits of the CBILS Guarantee has been passed on to borrowers in the form of lower borrowing costs than would otherwise have been charged.
- BBB provides training, communications and guidance materials for Lenders, both initially following accreditation and intermittently as refresher training where needed.
- All accredited scheme Lenders are required to enter into a **standard form** CBILS legal agreement.
- All accredited scheme Lenders will invoice the BBB on a quarterly basis the aggregate amount of the BIP.
- All accredited scheme Lenders will calculate their Scheme Lender Fee and pay these amounts to the BBB on a quarterly basis.
- BBB has a dedicated CBILS team available to answer queries from Lenders and provide guidance as required.
- BBB holds periodic meetings with Lenders, both bilaterally and collectively as appropriate, to discuss scheme performance, best practices and any issues.
- Where a Lender is a venture debt provider (or receives any part of its return by way of equity instruments such as shares, options, warrants or convertibles), the Lender will be required to meet certain conditions such as: limiting any equity investment held in an SME to which it provides a CBILS facility to no more than 20%; ensuring that the majority of support to the SME is by way of debt instruments and; during the first 12 months following drawdown of the CBILS facility, any equity holding in the SME must not be withdrawn and no dividends, bonuses or advisory fees will be permitted. A Lender's proposal may be subject to enhanced due diligence with BBB asking for further information at the formal proposal and/or due diligence stage.

3. The Accreditation Process for Prospective New Lenders

3.1 Introduction

BBB acts as an agent for the Secretary of State for BEIS under delegated authority. Ultimately, the legal documentation will be entered into with BEIS. BBB welcomes proposals from any applicant able to meet the requirements stipulated in Section 4 of this document.

Unless an applicant is in one of the categories set out in paragraph 3.4 (Exceptions) below, applicants are expected to conform to a 4-stage accreditation process, as detailed below.

- **Expression of Interest:** short submission (please refer to Annex 1) outlining in brief how the applicant meets the requirements for Lenders participating in the CBILS programme.
- **Formal Proposal:** detailed submission, providing detailed information on the applicant's organisation and its intended use of CBILS.
- **Due Diligence and Accreditation Award (subject to satisfaction of conditions precedent):** due diligence will look at the applicant's business, financial status, corporate group structure, governance, risk management and compliance frameworks, ownership structure, sources of funding and cost of funding, track record and proposed lending strategy. The applicant will be required to evidence that the full economic benefit of the CBILS guarantee is passed on to borrowers through lower pricing than it may otherwise have had without the benefit of the guarantee. This evidence should be set out on the Bank's Economic Benefit Pass through pricing table (see Annex 2). If requirements are satisfied, a recommendation will be submitted to the appropriate BBB's governance forum for a decision on whether to offer accreditation in principle, subject to fulfilling a number of further conditions. The offer of accreditation in principle will include an appropriate lending allocation, which is at BBB's sole discretion. The Lender will be notified of the decision via email.
- **Completion:** The Lender needs to sign the CBILS legal agreement and have satisfied conditions precedent, including training staff and, where required, prior audit checks.

Lenders will need to state which type or types of CBILS lending they would like to become accredited for: term loans, overdrafts/revolving credit facilities, asset finance facilities and invoice finance facilities. The formal proposal form and due diligence process will vary to take account of these different types of finance. Lenders already accredited for at least one type can approach BBB informally if they would like to apply CBILS to additional types of lending. Once a Lender has been accredited for a particular type of CBILS lending, any application for additional types of lending will be subject to a further approval process taking into account, amongst other things, the Lenders expertise and experience in the additional type of lending, proposed lending strategy and projected deployment, CBILS track record and audit findings, the financial stability and sustainability of the Lender, and availability of capital.

BBB may request clarification or additional information at any point in the process. BBB will assess applications using a risk and judgement-based approach based on the requirements set out in Section 4 of this document.

Please note that satisfaction of minimum requirements does not guarantee accreditation and BBB reserves the right, at its sole discretion, to decide not to proceed with an application or to decline to accredit any applicant at any stage. By way of illustration, such reasons may include (but shall not be limited to):

- The desirability of building an optimal panel of accredited CBILS Lenders for the purpose of the scheme;
- The financial status or financial sustainability of the applicant;
- Management and operational capabilities not adequately demonstrated;
- The applicant's track record of lending is limited and/or lower than its projected CBILS lending;
- Projected CBILS deployment is not evidenced by data submitted;

- The applicant does not have a track record in the product it is proposing to deploy for CBILS;
- The requested allocation will not have a sufficiently significant impact on the market;
- There is limited information over sources or availability of capital or these sources of capital are outside of BBB's risk appetite.
- Proposed pricing, cost of funds and pass through of economic benefit not consistent with the scheme;
- Business model and risk sharing arrangements inconsistent with scheme principles;
- Failure to satisfy BBB's KYC and tax policy requirements;
- The proposal and/or applicant is not within BBB's risk appetite;
- The funding structure does not fit within the principles of CBILS and/or the terms of the legal agreement (see Section 4 of this document); and/or
- The applicant has not demonstrated its ability to deploy CBILS quickly and at scale.

In addition, in line with BBB's objective to manage taxpayer resources efficiently reflecting its use of public money, then a Lender may be declined if the cost-effectiveness in progressing an applicant is deemed to ultimately provide limited value for money.

As a decision may be taken not to progress an application at any stage, applicants should not make further efforts or incur costs in progressing their interest until invited to do so by the BBB and should not advertise externally their intention to become an CBILS Lender.

Applicants will be advised of any decision not to progress an application via email by the BBB. In the event that their circumstances change an applicant may make a fresh approach to the BBB providing the applicant believes it can satisfy the requirements in the Request for Proposals published at the time of application.

BBB will, at its sole discretion, prioritise applications on the basis of risk and impact in the SME finance market. Assessment will be based upon our judgement of the applicant's ability to deploy CBILS at pace and volume within a robust risk management framework to the market.

3.2 Detailed Guidance

3.2.1 Stage 1: Expression of Interest

Applicants should complete and submit a pdf version of the Expression of Interest form appended to this document via email to cbilsaccreditation@british-business-bank.co.uk

The Expression of Interest form should be used to outline the key elements of the Lender's application and how the Lender meets the minimum requirements detailed in Section 4 of this document. An Expression of Interest must be made before a Formal Proposal can be submitted.

Applicants are encouraged to have a preliminary discussion with BBB (contact via cbilsaccreditation@british-business-bank.co.uk) in order to help them ascertain whether participation in CBILS would be appropriate, before committing effort to preparing an Expression of Interest.

Following receipt of an Expression of Interest, BBB may contact applicants to discuss the information within their Expression of Interest and to seek any clarifications deemed necessary. Applicants may be requested to submit supplementary information.

BBB will take a risk and judgment-based approach on deciding whether the applicant will be invited to progress to Stage 2, on the basis of both the written information submitted and any discussions held and will inform the applicant of the outcome of Stage 1 via email.

3.2.2 Stage 2: Formal Proposal

BBB will ask those applicants which it has invited to progress to Stage 2 to complete a Formal Proposal form which will seek further detail on the applicant's organisation, strategy and processes and its proposed use of CBILS.

BBB may invite applicant representatives to discuss the applicant's existing and proposed future operations relevant to CBILS. The BBB may ask applicants for additional information at this or any other point in the process.

On the basis of the information received to that point (including from the Formal Proposal, supporting documentation and any checks or additional information submitted), BBB will decide whether to invite the applicant to continue to the next step in the process.

3.2.3 Stage 3: Due Diligence and Award

BBB's due diligence will focus on formally assessing the applicant's business, financial status, corporate group structure, governance, risk management and compliance frameworks, ownership structure, sources of funding and cost of funding, track record and proposed lending strategy. BBB will also review the proposed pricing for CBILS facilities to ensure that the full economic benefit of the guarantee has been taken into account through lower pricing to the borrower than it may otherwise have had without the benefit of the guarantee. Lending structures will also be reviewed to ensure that the principles of the CBIL Scheme are adhered to in particular risk retention and alignment of interests and that the overall proposal provides value for money. Any information provided by an applicant will need to be satisfactorily validated by the BBB by the end of this stage. If the due diligence result is satisfactory to BBB, a recommendation will be submitted to the appropriate BBB's governance forum for a decision on whether to offer accreditation 'in principle' subject to fulfilling a number of further conditions. The BBB will communicate an 'in principle' intention to enter into an agreement subject to satisfaction of any conditions precedent and completion of legal documentation.

3.2.4 Stage 4: Completion

Before being able to commence lending via the scheme, a Lender will be required to complete a number of preparatory steps. Firstly, the CBILS legal agreement must be signed by the Lender. This is a **standard agreement**, which all Lenders are required to enter into without amendment. BBB will provide the Lender with access to a training CBILS web portal, as well as general training and communications materials on how the scheme works, which the Lender may choose to use to train its staff on scheme terms. The Lender is however responsible for ensuring that all relevant staff within its organisation are fully trained

on how the scheme works and that all internal processes reflect the necessary CBILS process requirements.

For the avoidance of doubt any accreditation decision made as a result of the current Expression of Interest form and associated process will be subject to, among other things, completion of satisfactory due diligence, approval from the appropriate BBB's governance forum and the prompt and satisfactory agreement of legal terms.

3.3 Assessment of Expressions of Interest and Formal Proposals:

- BBB will make reasonable endeavours to respond promptly to applicants at each stage of the application process, subject to its rights to prioritise applications as set out above.
- BBB may request additional information to clarify issues or to supplement the Expression of Interest form at any stage.
- BBB reserves the right to reject expressions of interest and proposals at any stage of the application process.

3.4 Exceptions

Existing BBB delivery partners and PRA regulated banks or building societies may have a streamlined accreditation process which will truncate or exempt the applicant from one or more of the steps set out in paragraph 3.2 (Detailed Guidance) above. If an applicant has applied for another BBB scheme and due diligence has been undertaken on the applicant in connection with that scheme, this may also exempt the applicant from one or more of the stages described above. Applicants should state whether they fall into one of these categories on initial enquiry to find out the process applicable to them.

3.5 Delivery of Expressions of Interest and Formal Proposals

- Expressions of Interest and Formal Proposals should be submitted by email, ideally as pdf, to cbilsaccreditation@british-business-bank.co.uk.
- A response will be issued to all applicants via email.
- Any accompanying spreadsheets should be in Microsoft Excel, ensuring that no formulas have been hidden or removed. If the document is password protected, the password should be provided separately.
- By sending in an Expression of Interest, applicants confirm they have read this document, **including the Legal Notice.**

3.6 Accreditation

If you are accredited as a lender under CBILS, your accreditation will last for the duration of the CBIL Scheme subject to our rights under the standard legal agreement and is based on your satisfaction of the requirements in the Request for Proposals published at the time of application. Your accreditation under CBILS will not automatically result in your accreditation to any other BBB Programme or any successor scheme when the CBIL Scheme comes to an end.

4. Requirements

This section details the minimum requirements for accreditation as a CBILS Lender. Applicants must be able to address all points to the full and absolute satisfaction of BBB in order to progress through the CBILS accreditation process, and applicants are requested to explain how they will meet these requirements in the Expression of Interest form. If a minimum requirement is unclear to the applicant, or the applicant does not have or is unable to disclose the information, this should be raised with the BBB at the earliest opportunity.

For the avoidance of doubt, satisfying minimum requirements does not guarantee that an accreditation application will be successful, and BBB reserves the right to consider (and seek) additional relevant information at its discretion and ultimately reserves the right to reject expressions of interest and proposals at any stage of the application process.

4.1 Lending to SMEs trading in the UK

Lenders should be able to demonstrate a strong track record (minimum of 3 years) in the provision of finance, for those instruments for which it seeks accreditation (term loans, invoice finance facilities, asset finance facilities and overdrafts/revolving credit facilities (committed and uncommitted)). A Lender should have deployed in excess of 100 facilities to UK SMEs to date and currently be lending in excess of £10m p.a.. Development and bridging finance applicants must have a portfolio of at least £20m.

Where the applicant is a Responsible Finance Provider, Regional Funds or Social Enterprise Lender not able to demonstrate the minimum value of lending, a lower minimum value may be considered.

Where the applicant's proposed finance product cannot be used with the relevant CBILS variants without amendment to the standard legal agreement, it is not considered value for money to proceed with the application.

4.2 Critical Mass

The structure of the guarantee means that for participation to be worthwhile for both the Lender and BBB, applicants must be able to demonstrate, through evidence-based forecasts, the extent to which they intend to originate facilities under the Scheme. BBB expects applicants to use CBILS to support a minimum of £5,000,000 of lending during the Scheme Period and be able to demonstrate value for money through lending to a minimum number of 20 SMEs. The requested allocation must be supported by the applicants operational capacity and historic rate of lending.

In exceptional circumstances, for example, when the applicant is providing lending to SMEs in regions outside of London & the South East or where the applicant is a Responsible Finance Provider, Regional Funds or Social Enterprise Lender, lending of a minimum of £3,000,000 during the scheme period may be considered. Such Lenders should include relevant details in their application if they believe that there are exceptional circumstances to be considered which impact on the lender's ability to deliver critical mass.

4.3 Interest and fees

Each applicant must be able to demonstrate that the lender levied fees and interest that they propose to charge borrowers for facilities offered under CBILS are reasonable and based on a Lender's normal pricing framework. Lenders must demonstrate that their pricing for CBILS borrowers will pass through the full economic benefit provided by the CBIL guarantee. Each Lender must provide the British Business Bank with a completed pricing table in the form attached in Annex 2 (Pricing Table) setting out the lender levied fees and interest, which they will typically charge for CBILS facilities and demonstrate how the government guarantee is reflected in that pricing through lower pricing than it may otherwise have charged. The full amount of any upfront fees must be included in the calculation of the interest rate for the first year for the purpose of testing compliance.

CBILS accredited lenders will not be permitted to charge higher than 14.99% of any CBILS-supported facility over any twelve month period, inclusive of interest rate and all other fees levied by the Lender in that period. For the avoidance of doubt, over the period covered by the BIP, any charge levied by the Lender during that period, including upfront fees, counts in full to this limit.

4.4 Availability of Capital

Each applicant must be able to demonstrate that they have sufficient committed capital available to meet their smaller business lending forecasts both with and without CBILS support, at an appropriate cost of funds for the duration of the Scheme Period. The cost of funds should be reasonable and in line with market pricing for a structure with equivalent risk to the sources of capital, across all tranches.

Where the availability of or freedom to deploy that capital is subject to conditions which may affect its ability to be used for CBILS-backed lending then this must be indicated at Stage 1 (Expression of Interest) (this is likely to be especially relevant to those applicants making use of capital originating from public sources, including EU programmes, and subject to continuing conditions). In such cases the applicant should verify the position with the provider(s) of the funding concerned.

Where use of capital from public sources is involved, a maximum of 70% of the total proposed lending amount may come from sources under Government control* and the balance (minimum 30%) must be sourced from institutional investors from within the private sector. The private sector can include the European Investment Bank and European Investment Fund.

Funding from retail and/or individual investors is not permitted.

Given the fundamental principle of CBILS – the risk sharing partnership between the UK Government and the delivery partner, each applicant is required to demonstrate its alignment of risk through a proportional share in the credit outcomes of CBILS facilities. Specifically, this is expected to take the form of 'skin in the game', whereby the applicant places its own capital at risk through CBILS lending. The amount of capital at risk should be meaningful to the applicant and to a level acceptable to BBB.

In general, individual CBILS facilities, and/or the benefit of the CBILS guarantee cannot be assigned (either by legal transfer or by way of security or otherwise) to third party funders. Applicants should make their funders aware of this restriction as it may impact the availability of capital. In certain limited

circumstances in connection with funding the origination of new scheme facilities the scheme guarantees may be assigned (subject to certain conditions). Please refer to the FAQs on the BBB's website <https://www.british-business-bank.co.uk/wp-content/uploads/2020/09/FAQs-for-Lenders-Assignment-of-the-guarantee-Final7Sept2020.pdf>

*'Under Government control' is defined as capital sourced from UK central government, Devolved Administrations, Local Authorities, ERDF, ERDF legacy and other public sector legacy.

4.5 Financial Status, Operations, Management Team and Track Record

Applicants must demonstrate a viable business model with and without CBILS lending, financial stability (applicants who are insolvent will not be considered suitable), and robust operations and systems. An applicant must have sufficient own funds to absorb business risks arising through reasonably foreseeable circumstances. This includes, amongst other risks, operational risk taking into account Covid-19 related disruption, and credit risk on the applicant's exposure to both its existing loan portfolio as well as prospective CBILS and non-CBILS lending. It must be able to demonstrate it has sufficient skills, experience and resources to enable it to deliver the proposed CBILS lending and have the operational capability to handle stress from an economic downturn whether caused as a result of Covid-19 or otherwise. BBB will wish to see adequate cash resources and a clear strategy of how a CBILS portfolio could be safeguarded in the event of the applicant ceasing trading, for example, via the establishment of an arrangement with a reputable back-up service provider.

Applicants must demonstrate that robust and tested systems and processes are in place for making and managing the proposed CBILS supported lending facilities. This requirement includes but is not limited to origination processes, risk management and underwriting capabilities and processes, lending documentation, back-office systems, monitoring and compliance and governance arrangements and management information reporting. Applicants must also be able to demonstrate that they have a competent team with sufficient expertise in the type of product and business area to be able to execute the proposed strategy for CBILS-backed lending. The number of individuals engaged with conducting lending activities must be in line with other organisations of a similar scale and sufficient to mitigate reasonably foreseeable operational risks. Notwithstanding this, the number of full time equivalent individuals engaged with lending activities should be at least 10. For development finance Lenders, we expect at least 15 FTE's to be directly employed in lending.

If the Applicant of is an existing BBB delivery partner or has applied or is in the process of applying to BBB for one of its programmes, the delivery partner must have conducted itself in an open and transparent way throughout the application process. If the Applicant is an existing delivery partner of the BBB, its conduct in relation to the programmes it participates in (including whether it has complied with an audit or other remedial actions) will be taken into account when determining suitability for the Scheme.

Applicants must have appropriate standards of reputation and integrity, including appropriate ethical standards in all areas of its proposed operations and appropriate processes in place to maintain these. The applicant must be able to demonstrate this as part of their proposal.

4.6 Regulation and Tax Domicile

Applicants are expected to be appropriately regulated, licensed and have the necessary authorisations and permission in the UK, to conduct activities consistent with their lending strategy.

Applicants must be incorporated in the UK or if an overseas resident finance provider, have a UK registered branch.

Applicants (including other entities in their corporate structure) must be able to demonstrate transparent and appropriate tax structures, in particular, the proposal must be consistent with the requirements of British Business Bank plc's group-wide tax policy, a copy of which can be found on the British Business Bank website at: <https://british-business-bank.co.uk/transparency/>.

4.7 Legal Structure

All applicants, if successful, will be required to enter into a “standard form” legal agreement with the UK Government which all Lenders are required to enter into without amendment. The legal agreement reflects the fundamental principle of CBILS – the risk sharing partnership between the UK Government and the delivery partner which requires the delivery partner to have a financial interest in the performance of the portfolio through the investment of its own funds and commitment to the guarantee undertakings.

The legal agreement fits business models where the origination and servicing of the CBILS-backed lending is undertaken by the same legal entity as the named Lender (the “lender of record”) who contracts with the underlying borrower. Lenders are required to complete the “Funding Structure Questionnaire” at Annex 3 as part of the Expression of Interest stage. If a Lender has a business model, corporate structure and/or funding structure that does not fit the CBILS standard legal agreement (including for example where an applicant intends to declare a trust over or assign (by way of security) the scheme facilities and/or the guarantee whilst retaining ‘skin in the game’, or where the applicant is not the lender of record, or the servicing of the portfolio will be undertaken by an entity other than the originator) the application will be considered using a risk and judgement-based approach taking into account, amongst other things; the financial stability and sustainability of the business, availability of capital, sources of funding, whether the business model and risk sharing arrangements are consistent with the scheme, whether the lending structure falls within BBB's risk appetite and whether the projected deployment over the remaining scheme term justifies the additional work involved to progress the application.

Applicants should be aware that any costs incurred by BBB in assessing an applicant's business model, and/or supplementing the standard legal agreement to accommodate business models not contemplated above will be for the account of the applicant. An estimate of such costs will be notified to the applicant in advance.

The core terms of the agreement include (amongst other things) the following:

- the guarantee is given to the relevant Lender in relation to the CBILS backed loans or facilities originated under the legal agreement
- the Lender originates the CBILS backed lending and is the primary entity responsible for servicing the CBILS backed lending and administering the BIP

- the Lender acts in accordance with its standard policies when originating and administering the CBILS-backed loans and with regard to the standard of care set out in the legal agreement
- the Lender is responsible for the administration of the web portal and making sure it is up-to-date
- the Lender maintains adequate and up-to-date records in relation to the scheme facilities
- the Lender pays the Scheme Lender Fee to the Guarantor.

Where the applicant is a platform or marketplace lender which pairs borrowers and individual lenders but does not provide credit to underlying borrowers or assume the rights of the person who provided credit, i.e. it's not the lender of record, it will not be considered a suitable delivery partner for CBILS for its own account. This means that an institutional investor lending through a platform rather than the platform itself should be accredited, with the platform entering into suitable arrangements to be able to originate loans under the scheme. Applicants must be able to demonstrate that the platform that they originate facilities through is able to ring-fence institutional funds and comply with the CBILS accreditation. Funding from retail and/or individual investors is not permitted.

All applicants are required to complete the Funding Structure Questionnaire provided in Annex 3 to outline the legal structure, including a group structure diagram together with details of shareholders/ownership and with sources of funding clearly indicated.

5. Legal Notice

Applicants who submit the Expression of Interest or Formal Proposal form are deemed to acknowledge and accept its terms and conditions including this Section.

British Business Bank plc (referred to as “BBB” in other sections) and its subsidiaries, including British Business Financial Services Ltd, (referred to as the “BBB Group” in other sections) reserves the right at any time not to continue with the current process and/or cancel or withdraw from the process at any stage and any costs or expenses incurred by respondents will not be reimbursed. British Business Bank plc and its subsidiaries exclude their liability for any costs, expenses or losses incurred by respondents to the full extent permitted by law.

British Business Financial Services Ltd (“BBFSL”) is a wholly owned subsidiary of BBB. This Request for Proposals is being funded and delivered by the Secretary of State for the Department of Business, Energy and Industrial Strategy (“BEIS”) acting through its agent, BBFSL. BBFSL carries out administrative and operational assistance to BEIS and, for the avoidance of doubt, does not provide any investment services or perform any investment activities on a professional basis.

BBB, BEIS and BBFSL reserve the right to reject any and all proposals at any time.

BBB Group reserves the right to amend any timetable and/or other aspects of the current process at its discretion.

BBB Group may request clarification of information and additional information regarding a response and/or may also request face to face meetings. Refusal to provide such clarification, information or meetings may cause a submitted response to be rejected. Where no reply to a request for information or for clarification is received within ten business days, BBB Group may assume that the submission has been withdrawn.

Respondents should note that information received by the BBB Group as part of the application process, including personal information (if any), may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000, the Environmental Information Regulations 2004, the European Commission's Transparency Award Module and data protection regulations and legislation, including but not limited to the Data Protection Act 2018 and the European Union's General Data Protection Regulation ((EU) 2016/679). In view of this, should respondents consider that any information should be treated as confidential and/or commercially sensitive, it would be helpful if respondents could set out why they consider this to be the case in each instance. Automatic confidentiality disclaimers generated by IT systems will not, in themselves, be regarded as binding.

If the BBB Group receives a request for disclosure of information provided, full account will be taken of any explanation, but no assurance can be given that confidentiality will be maintained in all circumstances. Decisions on disclosure remain the responsibility of British Business Bank plc and its subsidiaries and ultimately the Information Commissioner and courts.

Personal data will be processed in accordance with the privacy notice on our website <https://www.british-business-bank.co.uk/privacy-notice/>

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British Business Bank plc is a public limited company registered in England and Wales registration number 08616013, registered office at Steel City House, West Street, Sheffield S1 2GQ. As the holding company of the group operating under the trading name of British Business Bank, it is a development bank wholly owned by HM Government which is not authorised or regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). British Business Bank operates under its own trading name through a number of subsidiaries, one of which is authorised and regulated by the FCA.

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British Business Bank plc and its subsidiary entities are not banking institutions and do not operate as such.

A complete legal structure chart for British Business Bank plc and its subsidiaries can be found at www.british-business-bank.co.uk.

Any enquiries concerning this document may be addressed by email to cbilsaccreditation@british-business-bank.co.uk

Annex 1 - Coronavirus Business Interruption Loan Scheme: Expression of Interest to become an accredited CBILS lender

Applicants are requested to submit a response (not more than 5 pages) following the format set out below.

Lender details

Applicant Details	
Applicant Name:	
Details of Ownership:	
Contact Address:	
Principal Contact(s) (Name(s) and Role(s)):	
Phone - Direct Line: Phone - Mobile:	
E-mail:	

Requested Information

General information	
1	Please provide a brief background of the applicant organisation, including its principal lending activity.
2	What are the main lending products provided to UK SMEs, and what are the key terms of these? What is the strategy for UK smaller business lending going forward?
3	What are your key items of collateral normally considered for a commercial lending application?
4	<p>Please indicate for which type of lending you intend to use CBILS:</p> <ul style="list-style-type: none"> a) Term lending b) Revolving facilities c) Invoice Finance d) Asset Finance <p>If the type of lending is not listed above or if the type of lending is a hybrid or non-standard product, it is unlikely to be suitable for using with CBILS.</p>
5	<ul style="list-style-type: none"> a) What are the key statutes and regulatory requirements with which you must comply? b) Are you in full compliance with the above? Please explain any areas of non-compliance, and how and when you intend to address these areas.
6	Who would be responsible for the management of CBILS in the applicant organisation?

Information on how you meet the CBILS accreditation criteria	
A	<p>Criterion A: Lending to SMEs trading in the UK. Please provide high level evidence of your track record in the provision of lending to the UK smaller business market (by type of lending if applicable, such as term, revolving, invoice finance, asset finance and whether secured or unsecured), including default rates and performance against target.</p> <p>Please confirm whether you are active in issuing secured lending or unsecured lending (or both) to smaller businesses, and in which types of lending products together with a detailed description of the lending products.</p>
B	<p>Criterion B: Critical Mass. Please provide us with a forecast on how much CBILS-backed lending you think you might originate per year, both in terms of number of deals and average deal size; and compared to your non-CBILS smaller business lending. Please provide some background on how you have come up with this forecast. BBB generally aim to work with lenders who will be able to originate a minimum of £5,000,000 of lending that is CBILS-backed during the Scheme Period and be able to demonstrate value for money through supporting a minimum 20 SMEs. In exceptional circumstances where the applicant is a Responsible Finance Provider, Regional Funds or Social Enterprise Lender we may consider accrediting lenders who forecast being able to originate minimum £3,000,000 during the Scheme Period.</p>
C	<p>Criterion C: Interest and Fees: Please complete the Pricing Table in Annex 2 with details of your pricing for CBILS borrowers, demonstrating how it will take into account the economic benefit provided by the CBIL guarantee.</p>
D	<p>Criterion D: Availability of Capital. Please demonstrate that you have sufficient committed capital available to meet your lending forecast, covering secured SME lending both with and without CBILS support. Please highlight at this stage if some of your sources of capital come with conditions that may restrict the ability for CBILS-backed lending. Note that the guarantee and CBILS loans are not assignable without BBB consent. Third party funders and investors should be made aware of this as it may restrict the availability of capital to fund the CBILS facilities.</p>
E	<p>Criterion E: Financial Status, Operations, Management Team and Track Record. Please set out <u>at a high level (and without supporting documentation) your financial status and details of your robust and tested systems and processes that are in place for making and managing CBILS-supported lending facilities.</u> This requirement includes but is not limited to origination processes, risk management and underwriting capabilities and processes, loan documentation, back-office systems, monitoring and compliance and governance arrangements and management information reporting. Please demonstrate at a high level the size, competency and expertise of the team to deliver the proposed strategy for CBILS-backed lending. BBB will test all of these requirements in more detail during Stage 2.</p>
F	<p>Criterion F: Regulation and Tax Domicile. Please set out where you are domiciled for tax purposes and confirm that you hold the necessary regulatory approvals.</p>
G	<p>Criterion G: Legal Structure. Please complete the Funding Structure Questionnaire in Annex 3 to outline your legal structure, including a group structure diagram together with details of shareholders/ownership and with sources of funding clearly indicated.</p> <p>Please provide in the Funding Structure Questionnaire the name of the lender of record, the servicer of the loans (if different from the lender of record) and the originating entity (again, if different from the lender of record).</p>

Certification and Authority to Submit

I confirm that I am duly authorised to submit this information on behalf of the applicant organisation(s).

I confirm that, to the best of my knowledge, this information provides an accurate representation of the current performance and future intentions of the applicant organisation(s).

I understand that accreditation as an CBILS lender is discretionary and that submission of this information does not convey any particular status or entitlement upon the applicant organisation(s).

Name (Please print in block capitals)
Title / Role (Please print in block capitals)
Signature
Date

Annex 2 – Coronavirus Business Interruption Loan Scheme: Pricing Table

Guarantee Benefit Pass Through and Impact on Pricing

It is a requirement of CBILS that the lender passes through the full economic benefit of the government guarantee to the SME borrower via a reduction in overall pricing. Failure to do so would mean that you (or your funders/investors) would be receiving State Aid rather than the SME, which would contravene State Aid law. Should this happen, your organisation would be liable to repay any State Aid it has received.

It is therefore important that, as part of your application (for accreditation/increased Lending Limit Allocation/request for additional variant etc.), you demonstrate how you will satisfy this requirement. Without this, your application will not progress further.

You will find a guidance note below which explains how applicants can demonstrate this guarantee benefit pass through and the resultant impact on the organisation's pricing of facilities to SMEs. Please read the guidance carefully and then complete Templates 1 and 2 below for each CBILS product (term loan, asset finance, etc.) you wish to use. Two versions of Template 1 are provided – one for a non-bank applicant and one for a bank applicant. Please select the version appropriate for you.

Template 1: Calculating Economic Benefit of the CBILS Guarantee & General Impact on Pricing

(i) FOR NON- BANK LENDERS ONLY

Pricing Component	Pricing pre COVID19	COVID19 Pricing pre-CBILS	COVID19 Pricing post CBILS Guarantee	Marginal Impact of CBILS
Annual Probability of Default (PD)				
Loss Given Default (LGD)				
(A) Expected Loss (PD)*(LGD)				
(B) CBILS Scheme lender fees				
(C) Cost of running the business				
(D) Cost of Funding				
(E) Lenders Profit Margin				
Total Lender Costs (A+B+C+D+E)				
Lender Interest Rate				
Annualised Lender Fees				
Total Pricing				

(ii) FOR BANKS ONLY

Pricing Component	Pricing pre COVID19	COVID19 Pricing pre-CBILS	COV19 Pricing post CBILS Guarantee	Marginal Impact of CBILS
Annual Probability of Default (PD)				
Loss Given Default (LGD)				
(A) Expected Loss = PD * LGD				
(B) CBILS Lender fees				
(C) Cost of running the business				
(D) Cost of Funding				
(E) Cost Risk Weighted Assets (RWA)				
Total Lender Costs (A+B+C+D+E)				
Lender Interest Rate				
Annualised Lender Fees				
Total Pricing				

Please note: when completing the ‘annualised lender fees’ section of Template 1, you should include all service and other fees you charge to SMEs. Where you charge up-front fees such as an arrangement fee, this should be split evenly over the term of the facility and the annual equivalent should be added into the Lender Fee figure you include within Template 1.

All applicants - for each of the rows in Template 1, please provide an explanation of the assumptions underlying your answers. For example:

- What has driven any changes in your forecast PD and LGD figures
- If your operating costs are increasing post application of the CBILS guarantee, please explain why that is.
- For non-bank lenders, if your cost of funding remains unchanged post application of the CBILS guarantee, please explain why that is. The CBILS guarantee will significantly reduce the risk of loss for your funders/investors and hence it is reasonable to expect return to funders/investors to also reduce, otherwise the economic benefit of CBILS guarantee would pass to your funders/investors rather than to the SME.

- For non-bank lenders, if your profit margin increases post application of the CBILS guarantee, please explain why that is
- Please provide us with a breakdown of your annual fee figure.
- Across Lender Margin and Lender Fees post application of the CBILS guarantee, we expect to see that the total marginal impact of the CBILS Guarantee has been passed through in full to the SME by way of a reduction in overall pricing. If this has not happened, please explain why that is.

Please provide us with your assumptions here:

Template 2: Demonstrating Pass Through of the Guarantee Benefit across your Total CBILS Portfolio

Having calculated the economic benefit of the CBILS guarantee and pass through via reduced pricing at an average level for your proposed CBILS portfolio in Template 1, we next ask that you demonstrate to us in Template 2 below how you will apply this economic benefit for all SMEs within your portfolio, irrespective of their risk profile.

Template 2, to be completed by You:

Risk Bands	% Lending by Value	Probability of Default		Interest Rate Charged to SME (low – high %)			Fees %		
		Pre-Covid-19	Post Covid-19	Pre Covid-19	Post Covid-19	Post Covid-19 + CBILS Guarantee	Up Front	Per Annum	Other (specify)
1									
2									
3									
4									
5									

Please feel free to amend the structure of Template 2 to reflect how you segment risk across your CBILS portfolio but in doing so, please ensure that you continue to include within your version of Template 2, all of the component areas shown within the version of Template 2 above.

Please explain to us:

- Risk Banding: how your proposed CBILS portfolio will be categorised according to your internal risk bandings. Some lenders use risk bands 1-10 or A-E or some other system to describe differing risk bands.
- The expected split by value (%) of your total proposed CBILS portfolio by your different risk bands
- The probability of default range you expect for each risk banding, both before COVID-19 and after COVID-19
- For each of your risk bands, the pricing range (i.e. the range of interest rates) you charge to SMEs (low-high) – before COVID-19 and after COVID-19. For after COVID-19, without the benefit of the CBILS guarantee and also with the benefit of the CBILS guarantee
- A breakdown of the fees you charge to the SME, by risk banding – pre Covid-19, post Covid-19 without the CBILS guarantee and post Covid-19 with the CBILS guarantee

Guidance to Applicants on How to Complete Template 1

A CBILS accredited lender must be able to demonstrate that the economic benefit of the CBILS guarantee is being passed on in FULL to the SME. This can be done by following the methodology outlined below.

For a lender, pricing depends typically on the following components:

- Expected Loss 'EL' (driven by Probability of Default 'PD' and Loss Given Default 'LGD')
- Cost of running the business (fixed and incremental costs)
- Cost of funding/equity
- For a bank, there is also the cost of regulatory capital
- For all CBILS supported facilities, there will also be the Scheme Lender Fee, which, for SMEs is 25bps for facilities of 12 months or less, 50bps for facilities lasting from 12 months up to 3 years and 100bps for facilities lasting 3-8 years. For Large Enterprises these fees are 50bps, 100bps and 200bps respectively.

Where a lender commences CBILS-supported lending, there will be a resultant change in many of the above components – some leading to a reduction in cost for the lender and some leading, potentially, to an increase in costs.

Reducing a lender's costs: The 80% CBILS guarantee will always result in a reduction in the lender's Expected Loss. It should also reduce the lender's own cost of capital/funding as a result of the reduction in potential unexpected losses. For a bank, the CBILS guarantee should also lead to a reduction in regulatory capital costs.

Increasing a lender's costs: Off-setting the above cost reductions will be an increase in costs due to the fee being paid by a lender to participate in the CBILS scheme. A lender may also wish to adjust their normal market PD and LGD assumptions to reflect the impact of Covid-19 and, where applicable, that personal guarantees can no longer be taken as security. A change in running costs due to introducing CBILS-supported lending may sometimes occur.

To calculate how much economic benefit is being created from the CBILS guarantee and to demonstrate the extent to which this is being passed through to the borrower, all of the above positive and negative influences on cost need to be netted off, so the marginal benefit of the CBILS guarantee is clear to see. This marginal impact of CBILS guarantee can then be compared to the average interest rate and fees the lender will charge to the SME. The lender should show a full pass through of the marginal impact of the CBILS guarantee by way of reduced interest rate/fees to the SME.

Annex 3 - Coronavirus Business Interruption Loan Scheme: Funding Structure Questionnaire

The questions below are intended to assist the British Business Bank in understanding the structure that you propose to use in relation to CBILS lending and (subject to the British Business Bank's absolute discretion) any waivers or additional provisions that may be required in relation to the Guarantee Agreement as a result of this.

Lenders of record

1	Please list the names of all entities that are expected, at any time, to be a lender of record under a CBILS loan (including where more than one entity may originate loans and where loans may be transferred after origination, including on enforcement of any security arrangement)	
2	If more than one entity is listed above, please explain how that entity will come to be a lender of record (e.g. originating the loan itself, or through a transfer from another entity or following enforcement of a security arrangement)	
3	Are you proposing to use a limited recourse special purpose vehicle as part of your structure for CBILS? If so, will the Guarantor need to agree to be subject to the limited recourse provisions in relation to this SPV? Please provide details, including details of any other recourse that the Guarantor will have in respect of payments owed to it under the guarantee.	
4	Please identify the principal entity from a credit perspective, against which the Guarantor will have recourse. This may not necessarily be the lender of record.	

Servicing

5	Who will be responsible for servicing the CBILS loans?	
6	Has a backup servicer been appointed? If so, please specify who.	

Confidentiality

7	Are there any parties other than the lender(s) of record and servicer(s) above to	
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	whom you need to disclose information about the CBILS loans and/or guarantee?	
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Consents

8	Does the entry by the lender(s) of record and/or servicer(s) above into the guarantee agreement and/or CBILS loans require the consent of any other party? If so, please provide details.	
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Financing

9	How will the lender(s) of record finance the CBILS loans? If a lender of record is financing the CBILS loans by transferring its interests in the loans and/or guarantee rights to a purchaser, please explain how that purchaser is financing the applicable purchase price (and any arrangements with external funders).	
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Security

10	Will any of the lender(s) of record be granting security over the CBILS loans and/or the benefit of the guarantee? If so, please specify details and who this security is given in favour of (e.g. a lender/investor, security trustee).	
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Structure

11	<p>Please provide a brief summary of the structure that you propose to use for origination and servicing of CBILS loans. Please include a description of (i) the entities that originate loans (including CBILS loans) (ii) the entities responsible for servicing (iii) anyone who may receive a transfer of the loans and/or guarantee rights and the nature of the proposed transfer (eg equitable assignment, declaration of trust, security) (iv) any financing arrangements with third parties and (v) any security arrangements over the loans or the guarantee rights.</p> <p>Please include a structure diagram in your response.</p>

